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Chile Launches Agrarian Reform

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Cover:

The continual dialogue between Chile's *"campesinos"* and agricultural authorities on how agrarian reforms will affect farms this time called for an on-the-spot diagram. The article beginning on this page discusses the reform program in detail.

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Chile's Governmen

In Chile, as in many other countries, city people want a better diet; peasants, their own land. Chile hopes its agrarian reform will help satisfy both demands.

By WALDO S. ROWAN
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Santiago, Chile

Will Chile's new Agrarian Reform Law—signed by President Eduardo Frei last summer, after more than a year and a half of congressional debate—be a panacea or an opiate for Chilean agriculture? On this question there have been many opinions offered, but so far there are no answers.

There is no question, however, but that agricultural development is of the highest order of priority for the government. Chile's most serious problem today is how to produce food in increasing amounts for the growing population.[1] Within the last three decades, Chile's trade position has changed from that of a net exporter of agricultural products to that of a sizable importer of almost all agricultural staples. Customs data show that during 1966 Chile imported $179 million worth of agricultural products (with the United States as its major supplier) and had an agricultural trade deficit of around $115 million. With the general economy on the upswing, all indications are that food import costs and the deficit in agricultural trade were even larger in 1967 than they were in 1966.

The basis for agrarian reform

For decades, the various governments of Chile have been caught in a triple squeeze, between the city dweller's desire for more, better, and cheaper food; the established farmer's desire for higher prices to support increases in production; and the poor *campesino's* desire for land and a better living. The concrete measures proposed in response to these sometimes conflicting desires are often covered under the popular label of agrarian reform.

Agrarian reform laws date back to the 1920's, but there were few concrete accomplishments in land distribution before 1964. Then, for the next 3 years, a degree of agrarian reform was carried out under previous legislation; 479 farms were expropriated, with a total of over a million hectares (2.6 million acres), on which lived 8,051 families.

The new law (No. 16,640) is the last of three legislative and

[1]Throughout the 1960's, the indexes of per capita food output and per capita agricultural output have both been consistently below the 1957-59 base figure; and in 1966 both of these indexes also fell below the 1960-64 average.

Embarks on Far-Reaching Agrarian Reform

constitutional actions taken with the view of achieving far-reaching and meaningful agrarian reform.

The first was the enactment in April 1966 of law No. 16,465, which prohibited the sale or subdivision of any property larger than 80 basic hectares[2] (197.7 acres) without the approval of the Agrarian Reform Corporation (CORA)—an autonomous state entity charged with agrarian reform matters.

The second was the approval in January 1967 of a constitutional amendment that modified property rights and established the legal framework for the current Agrarian Reform Law. Specifically, this amendment provided the government with the legal basis for setting an appraised value, reimbursing the owner with long-term bonds, and acquiring immediate title to expropriated property without waiting for court adjudication.

Under the new law, signed July 16, 1967, the government has broad powers in expropriation, methods of payment for expropriated land, and redistribution of both land and water rights. The law also provides for the reorganization of various agricultural functions to grant more authority to the Minister of Agriculture in coordinating and carrying on such services as research, extension, credit, and technical assistance. The responsibility for carrying out agrarian reform belongs to CORA.

Major grounds for expropriation and exemption

The three principal reasons cited for expropriation are size, abandonment, and inefficient utilization of land.

Any holding of agricultural land larger than 80 basic irrigated hectares (197.7 acres) is subject to expropriation. In addition, the law permits the expropriation of all lands that are abandoned or poorly utilized, regardless of size. However, if a farmer owns less than 80 basic irrigated hectares that are considered poorly utilized, expropriation will be postponed for 3 years to permit him to improve his operation to a level that would not warrant expropriation.

In this connection, abandonment as a reason for expropriation poses no problem of definition; but defining poor utilization is a difficult and sensitive matter. Those who opposed the law point out that without objective and precise criteria, inefficient operation could be used as an excuse to expropriate farms for political or other reasons.

Therefore, some general guidelines were established to determine when a farm is poorly exploited. Taken into account are the standards of the community with regard to land and water use, wages, housing, education, and sanitation of the farm. Generally speaking, a farm is considered poorly exploited unless at least 80 percent of its irrigated land is in crops or seeded pastures; at least 70 percent of its arable dry land is in crops or in seeded or improved pastures; and all legal requirements are met for its workers as regards wages and salaries, housing, social security, work laws, education, and health.

Also subject to expropriation are certain types of holdings such as any farm larger than 80 basic hectares that was subdivided after November 27, 1962; all corporate holdings; land within irrigation development zones; estates in litigation; and farms owned by nonresidents.

Chilean campesinos planting beans on an asentamiento—expropriated farmland, managed jointly under a committee of workers and the Agrarian Reform Corporation during an initial training period, before being distributed to its new owners.

The owner of an expropriated farm is entitled to retain for his own use 80 basic hectares of irrigated land plus 10 hectares (24.7 acres) for each child—in excess of 5 children—working with him or living at his expense. Exceptions are holdings that have been classified as abandoned or badly utilized or that are leased to third parties. In no case, however, can the owner's reserve exceed 100 hectares (247 acres).

A lessee may apply to CORA for permission to purchase up to 80 basic hectares of land he has worked for 3 consecutive years. Terms will be 80 percent cash, the balance in 8 annual payments.

Owners of "clearly superior" operations are entitled to have up to 320 basic hectares (790.7 acres) exempted from expropriation. To qualify for this exemption, the farm must meet the following conditions: 95 percent of its irrigated area and 80 percent

[2]A basic irrigated hectare is the equivalent of one hectare (or 2.471 acres) of irrigated land in the Maipu Valley near Santiago. Equivalent sizes established by Provinces for irrigated and nonirrigated lands are referred to as "basic hectares." The basic nonexpropriable unit may vary from 40 hectares of the richest soils in the country to several thousand hectares of mountainous lands.

At right, new town named Onaisin (Land of the Onas), built by the Agrarian Reform Corporation far down toward Chile's southern tip, to give the farmworkers of this distant region the services and advantages of community life. At far right, a flock of sheep at a southern asentamiento. *Wool production—much of which is sold for export—has been considerably increased on the sheep farms of the Corporation.*

of its dry arable area must be devoted to crops or seeded pastures; technical practices must be superior to those normally prevailing in the region; conservation practices for soil and natural resources must be maintained; there must be a profit-sharing plan for workers; the total annual amount paid in salaries, wages, and profit sharing must be at least twice the rural minimum legal wage; and there must be strict compliance with legal requirements for housing, social security, work laws, education, and health.

Other reasons for exemption

Owners may also be granted exemption from expropriation for any amount of land on the basis of a long-term investment plan for land development and/or reclamation, provided that the plan is approved by the Minister of Agriculture and that nonexpropriation is specifically granted by the President of the Republic. But the right of nonexpropriation will remain effective only if the investment plan is carried out.

Other types of agricultural properties entitled to exemption from expropriation include integrated vineyards producing well-known brand-name wines for export, forestry lands, holdings by certain types of agricultural cooperatives, educational and research stations, and certain types of developmental properties in the far northern and southern Provinces.

It should be pointed out, however, that farmers who meet any of the various requirements for exemption are not granted exemption automatically. The burden of application and proof of qualification is upon the farmer himself.

Compensation to owners

Compensation to the owner of an expropriated farm will be equivalent to the declared value for tax assessment plus the value of improvement as determined by CORA. Payment will be part cash with the remainder in Agrarian Reform bonds—25-year or 30-year, and, in special cases 5-year—bearing 3-percent interest. Bond values will be readjusted upward to compensate for about 70 percent of the purchasing-power loss resulting from inflation.

The amount of cash payment depends on the reason for expropriation: if for abandonment, the cash payment will be 1 percent of the appraised value; if for poor utilization, 5 percent. The balance in both cases will be in 30-year bonds of equal annual payments.

If an efficiently utilized farm is expropriated because of size, the owner will receive 10 percent in cash and the balance in 25-year bonds. If a farm smaller than 80 basic hectares is expropriated for irrigation development, the owner will be permitted to retain as compensation a quantity of the newly irrigated land equivalent in value to that of his original holding. But under certain conditions, land expropriated for irrigation development will be paid for partly in cash and the remainder in 5-year bonds. On all expropriated farms, the value of improvements made since November 4, 1964, will be paid 100 percent in cash. The government hopes by this provision to avoid discouraging farm improvements during the period of uncertainty before farmers learn what properties will be expropriated.

Who will get land

Farms acquired by CORA are destined for ownership by those who have been working the land. Titles may be vested in individuals or in an agrarian reform cooperative. The law provides that an operation not suited to subdivision, such as a dairy, vineyards, orchards, pasture land, or forest, will be operated as a cooperative, with each campesino receiving a share of the income plus (usually) a small plot to operate for himself. The new owners will include rural workers, sharecroppers, and renters. Priority will be given to those who have proved their ability as farmers, but length of tenure on the farm will also be a consideration in making the distributions.

The campesino receiving land will be required to make a small cash payment and will be granted up to 30 years' credit for the remainder of the purchase price. The amount financed will bear interest at 3 percent, but the principal will be adjusted upward to

compensate for 70 percent of the increase in the wholesale price index.

To give the new owners some managerial experience, the expropriated farm will be managed as a single unit, called an *asentamiento*, for about 3 years—a period that in some instances may be extended to a maximum of 5 years. Each farmer in the asentamiento will receive compensation based on the number of days he works the land and the net returns from the operation. Generally speaking, 75 to 90 percent of the profit will go to the workers and the rest to CORA to cover overhead costs. The asentamiento will be managed by a committee of workers on the farm with the assistance of an agricultural technician assigned from CORA.

Some restrictions on distribution

When distribution of the land is finally made, each subdivision will be considered a family unit; it cannot be sold or further subdivided without the approval of CORA. Where the farm is to be permanently operated as a cooperative, the number of families to remain as members will depend on the number of family units the cooperative may be expected to support at an income level equivalent to that of a family-size farm. If any campesino fails to operate his unit according to acceptable standards, CORA can repossess the unit and assign it to another eligible campesino. However, to help the new owners become successful farmers, CORA will grant them credit and technical assistance until they can become economically self-sufficient.

Other main provisions

Agriculture in many areas of Chile is completely dependent on the availability of irrigation water. This is particularly true of the Central Valley, where agricultural production and population are heavily concentrated. To insure more economic and efficient utilization of water, the new law provides that all water rights shall be retained by the state, which will be responsible for water allocation and distribution.

The Water Code of 1951 permitted the owners of water rights either to use the water on the land or to sell the rights independent of the land. The Agrarian Reform Law permits the continued use of water on the land where water rights are owned, under state regulation; but it prohibits the independent sale or renting of these rights.

Under the new law, agrarian courts are established to hear complaints from landowners regarding expropriation, evaluation, and the method of payment when lands have been expropriated or when CORA has failed to recognize rights that the farmowner possesses under the law. There will be both provincial courts and courts of appeal.

The law establishes the Ministry of Agriculture as the principal agency for planning, coordinating, and administering agricultural programs and services. In the past, there has been little coordination of these programs; 6 different governmental agencies with more than 20 different administrative entities have provided services and planning relating to agriculture.

Possible implications of the law

Chile's Agrarian Reform Law and the constitutional amendment that paved its way are by nature very controversial subjects. Different groups will be affected in different ways; and there are many long-term social implications.

The matter of most immediate concern, however, is whether the implementation of the law will contribute toward increased agricultural production in Chile. CORA points out numerous examples of increased production on expropriated farms, but many of these farms were poorly operated or abandoned before they were expropriated. What will happen to production when reasonably efficient farms are taken over? It has been pointed out by many critics of the program that in order to settle 100,000 campesino families (the government's objective) many of the efficient farms will have to be expropriated.

Finally, and most important of all from the viewpoint of agricultural production, how will agrarian reform affect the bulk of the Chilean farmers who are not expropriated? CORA contends that since the inefficient farms will be expropriated first, other farmers will be motivated to increase their efficiency. Many farmowners, on the other hand, point out that the law authorizes the expropriation of any farm larger than 80 basic hectares regardless of efficiency, and that until these farms have been selected and reasonable assurance against expropriation has been granted to the remaining farms, no one is likely to make long-term investments in agriculture.

However, with or without agrarian reform, the factor most farmers believe likely to influence future farm production in Chile will be the price of agricultural products in relation to the cost of production. Farmers large and small contend that the failure of agriculture to develop during recent years has been the result of unrealistic price policies which have not provided proper incentives for investments in agriculture.

The Government of Chile, recognizing this point of view, has promised relatively higher prices for most agricultural products. Thus, through agrarian reform combined with more favorable farm prices, it expects to use both the stick and the carrot to increase agricultural production in Chile. There are those with high hopes that this approach will help develop and revitalize Chilean agriculture; there are also those who predict further deterioration and increased dependence on imported foods. Only time will tell which group is right.

The World Wheat Situation: A Look Ahead

Speaking in early January at the Wheat Quality Conference in Minneapolis, Martin E. Abel, USDA's Deputy Assistant Secretary for International Affairs, discussed the findings of a recent USDA study on world grain production and trade prospects[1] and then went on to draw some specific conclusions for wheat. His observations concerning wheat—particularly the potential for U.S. wheat exports—are excerpted here.

Generally, grain production and trade are expected to be more than able to meet world demands during the next 10 to 15 years. In fact, increased production in both grain-exporting countries and the developed grain-importing countries may add to the world grain surplus. To avoid falling grain prices on world markets, producing countries should make arrangements to share the task of restraining production and should also share supplying the concessional markets and food aid. The International Grains Arrangement is a first step to solving the trade problems posed by the continuing surplus production capacity in the developed countries.

U.S. exports to grow

In spite of possible world grain oversupply, the United States should be able to increase its grain exports and maintain or increase its share of world grain trade—particularly in wheat. But because U.S. grain production required to supply all likely outlets will need fewer production resources in the future, particularly land, some U.S. controls of grain production will still be necessary. It is estimated that by 1980 about 165 million harvested acres of grain will be required in the United States—about the same number harvested in 1967.

The overall picture of abundant world grain supplies tends to obscure the particular situations and market areas in which growth of U.S. wheat exports may be expected. The export market in wheat is not homogeneous. Different market areas should be fully explored and exploited to increase the U.S. share of world trade in wheat.

The major commercial markets for wheat at present are Western Europe and Japan; the developing countries are becoming increasingly important.

Quality makes sales

U.S. exports of wheat to Western Europe have held up well considering the tendency toward self-sufficiency in that area and the rapid growth of wheat production in France. The reason is the difference in quality between U.S. and Western European wheats. Soft wheat is still the predominant type grown in Western Europe, and as production has increased, imports have fallen. But the need for hard wheats of high quality, such as those exported by the United States, has continued strong. Although Europe has developed some hard varieties, they are not expected to replace the need for North American hard and durum wheats.

A major market for expanding U.S. commercial wheat trade is Japan, where per capita consumption of wheat is expected to increase at the same time that domestic production is expected to decline. During the last 10 years, Japan's total wheat imports have increased from 2.4 million to 3.6 million tons, and this rate of growth is expected to continue.

Japan clue to market

The U.S. share in Japan's wheat market is increasing and Japan is now the largest commercial market for U.S. wheat. In 1960-61 the United States shipped less than 1 million tons of wheat to Japan; but by 1966-67, it shipped 2.1 million tons. This growing market is due to a number of reasons.

First, in a country where rice has been the traditional food, the high price of rice relative to wheat is a factor encouraging the shift to wheat. Another reason wheat consumption is increasing comes from the desire to diversify and improve diets. Also, tastes and preferences are changing as the average income of the population rises. Finally, intensive market development programs by the U.S. Government and trade associations have had marked success.

Sales of U.S. wheat in Japan and some other countries may provide clues to prospects in developing countries where rice is the main food. Wheat is expected to become an important item in the diets in such countries as their economies develop and incomes rise. For example, Taiwan and the Philippines are growing commercial markets for wheat.

Both market development programs and sales of U.S. wheat under P.L. 480 have played key roles in bringing about a shift toward wheat in countries like Taiwan and in parts of India and Pakistan. Wheat is now a readily accepted cereal in what were strictly rice-eating populations. The diversification of cereal consumption helps insure that wheat use will increase while consumption of other cereals, including rice, increases.

In countries where wheat rather than rice is the primary cereal, growing incomes may lead to greater imports of wheat even though the importing countries are increasing their own wheat production. Growing incomes tend to enlarge the demand for cereal products that require higher quality wheats than are produced domestically. Thus, even with rapidly expanding domestic production, quality wheat imports should increase.

For example, although Yugoslavia is increasing its own wheat production rapidly, it will import about 400,000 metric tons of quality wheat in 1968 compared with negligible imports in previous years.

The United States can expect continued growth in wheat exports. It produces the types of wheat that will be in demand. Also, market development for wheat will continue through efforts to improve diets and through support for continued or accelerated economic growth in major parts of the world.

However, the world market for wheat will be changing in many ways, such as the location of major sales areas and types of wheat being demanded. Although the world wheat market will be a growing one, it will also be competitive because there will continue to be ample production capacity to meet demand. The United States must continue to be alert to competitive forces and must take the actions required to insure that it shares equitably in the growing world wheat market.

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[1] *World Food Situation—Prospects for World Grain Production, Consumption, and Trade*, USDA, Foreign Agricultural Economic Rept. 35, 1967. For a previous discussion of this publication see "A New Look at the World Food and Population Problems," *Foreign Agriculture*, Dec. 11, 1967, p. 11.

Irish Farming Advances in 1967

Impressive production gains for 1967 in Irish livestock and dairy farming, as well as increases in wheat and sugarbeet crops, put Ireland approximtely 10 percent ahead of 1966 in agricultural production.

Interest in cattle raising was stimulated in 1966 when the Anglo-Irish Free Trade Area Agreement (A-IFTAA) was established to encourage the sale of Irish meat in the United Kingdom. Another big boost to Irish cattle producing has come from the increase in beef shipments to the United States.

Milk production has expanded in like manner; 1967 estimates pushed production above the record set in 1966 to 883 million gallons, an increase due both to the government bonus for the production of creamery milk and to good weather. Forecasts for wheat and sugarbeet crops in 1967 also showed considerable increases in production over that of 1966, although not all commodities recorded advances. Large gains in output of cattle, milk, wheat, and sugarbeets offset declines in production of hogs, wool, barley, oats, and fruit.

To bolster and further this substantial growth, the Irish Government is earmarking $182 million in fiscal 1968 (April-March) for farm use. This is a record agricultural expenditure that is $14 million more than the amount originally budgeted. Continuing the bonus for creamery milk production and the high subsidy on the carcass beef and lamb exports to the United Kingdom necessitates the addition.

The growing number of Irish farmers involved in the production of livestock and livestock products have just concluded a good year. In 1967 the industry accounted for 85 percent of the country's gross agricultural output, and Irish producers marketed 1.4 million head of cattle. This was 20 percent more than in the previous year. Most of the increase was for export, since domestic consumption remained roughly the same as in previous years. Something over half the total was slaughtered for beef and veal, production of which totaled 420 million pounds, carcass weight basis. The bulk of the remainder was shipped as feeder cattle to the United Kingdom.

Exports of these feeder cattle totaled 600,000 head—200,000 more than the figure for 1966 but 38,000 short of the target set in the A-IFTAA. The higher guaranteed prices for cattle in the United Kingdom and a general rise in confidence in the U.K. farming community are generally recognized as being responsible for this gain.

Also responsible for this increase was the surplus of 200,000 cattle carried over from autumn of 1966, when EEC markets closed to cattle and beef imports from third countries and U.K. demand for Irish feeder cattle was weak. These surplus cattle were marketed in the United Kingdom as carcass beef, pushing carcass beef sales for the first 3 quarters of 1967 to more than double the 1966 level.

Ireland found its other major market for beef in the United States, shipping this country 33,500 metric tons in 1967, 50 percent more than in the previous year.

As might be expected, cattle price averages during 1967 were below those of 1966, since the pressure of surplus supplies weakened prices early in the year.

Upswing for hogs expected

Hog production continued a 2-year downward trend from the record 1965 total of 1.95 million head. Output in 1967 dropped by about 9.5 percent from that of the preceding year to about 1.6 million head, approximately 8.8 percent below the annual average for the past 5 years and 10,000 short of need. However, the present hog cycle may be ending, since the number of breeding sows by June was nearly 7 percent higher than in mid-1966.

With 1967 pork production declining more than 25 million pounds carcass weight to 250 million and with resumed dependence on imports from Northern Ireland, domestic consumption has dropped. Exports have also declined—perhaps as much as 21 percent below 1966 figures. The bacon trade is particularly endangered, as exports to the United Kingdom fell behind schedule and were of lower quality, which caused concern that Ireland would not meet its bacon quota and thus not take advantage of the market developed for it during 1965 and early 1966.

Increased production of creamery milk, possible because of a mild winter and spring, resulted in higher output of all principal dairy products. The largest gains were in cheese and creamery butter. Expanded production accompanied higher milk prices—raised because of an increase in the bonus for quality creamery milk. Clearly, milk producing has become one of the more attractive farm enterprises in Ireland.

Increased output brings, as usual, problems to the market. Efforts of the Irish Dairy Produce Board to avoid carryover supplies were directed toward diverting the increase into products other than butter and seeking new markets for Irish dairy products in the Far East, the Middle East, and Latin America. Accumulated butter stocks caused a request for another increase in Ireland's share of the U.K. butter quota.

Good weather, good crops

Unfavorable cattle prices in 1966 and good weather during fall of 1966 and early 1967 were important factors behind the large increases in both the acreage and production of Ireland's 1967 wheat and sugarbeet crops. In 1966, acreages for these two crops had been restricted due to a wet spring.

Total grain production is estimated at 1.1 million metric tons. This is about the same as for 1966, since small harvests of barley and oats offset gains in the 1967 output of wheat. Wheat production is estimated at 229,000 metric tons, dried weight basis, an increase in acreage during 1967. Millable wheat from the 1967 crop is at 188,000 metric tons, triple the amount of 1966.

The larger crop contributed to declines in grain imports during 1967. Wheat import figures are expected to drop 25 percent from the original 1967 forecast to 168,000 metric tons. And it was estimated that 35,000-40,000 tons of feed wheat would be available from the 1967 crop; this wheat would replace imported grain. Feedgrain imports in the first 6 months of 1967 showed a drop of nearly 10 percent from those of the preceding year, with the U.S. market drastically affected. Imports of U. S. feedgrains for the first 6 months of 1967 accounted for only 44 percent of the total, compared with 89 percent in the 1966 period.

However, Irish feedgrain requirements during 1967-68 are forecast at 1.2 million metric tons. Of this total, 720,000 tons are expected to be covered by domestic production and 480,000 by imports, making the import forecast 15 to 20 percent above the level of the 1966-67 marketing year ended last June.

The sugarbeet harvest is forecast 23 percent larger than last year's with the size of raw sugar production approximately 20 percent larger. The increase in output to 864,000 metric tons results entirely from a 10-percent increase in acreage.

—Based on dispatch by RICHARD E. BELL
Agricultural Attaché, Dublin

Tea pluckers in Kericho district near Lake Victoria fill their baskets with leaves. Trees in background were planted to shelter tea plants from prevailing winds.

Kenya Emphasizes Smallholder Tea Schemes

By HOWARD A. AKERS
U.S. Agricultural Attaché, Nairobi

Tea is rapidly becoming one of the principal cash crops for African smallholders in Kenya because of the encouragement of the Kenyan Government, the activities of the Kenya Tea Development Authority (KTDA), and substantial investments by national and international agencies.

Expansion of both smallholder and estate tea-growing areas during the late 1950's and the 1960's has been steady and successful. Over 65,000 acreas were in tea by 1967 as compared to 27,000 in 1956. More than 250,000 people depend on tea for a livelihood, either as independent small farmers or as workers on large tea estates.

The growth of smallholder tea acreage has been rapid. In 1960 only 6 percent of the total acreage, or less than 2,500 acres, was in small farms. By 1964 the share of smallholders had risen to 19 percent. By the middle of 1967 over 20,000 acres, or more than 30 percent of all tea acreage, had been planted by 32,600 African smallholders in 12 districts. The growers had holdings averaging 0.64 acre. According to present development plans, about 25,000 acres will be cultivated by smallholders by June 1968.

The bulk of tea exported from Kenya is still grown on large tea estates even though the acreage of the smallholders has increased. The proportion of production by small farms lags behind the proportion of acreage because tea plants usually are not ready for plucking until at least 2 or 3 years after they are planted. However, smallholder production leapt from about 3 million pounds of green leaf in 1961-62 to 17.5 million pounds in 1965-66. And smallholder income from tea rose from a little over $500,000 in 1963 to more than $2 million in 1966.

Tea exports increasing

One of the reasons for expansion of tea culture is that increased production of coffee, which is Kenya's present principal export crop, is not practical because the world market is already oversupplied. Coffee acreage in Kenya is strictly controlled.

The Kenyan Government feels considerable scope exists for increasing both domestic consumption and export of tea even though the world may overproduce tea in the next few years. Kenya's tea is of high quality, and its price has remained stable during the 1960's in spite of generally lower prices on the world market. At recent international meetings Kenya opposed the idea of restrictions on tea production and exports and instead supported the principle of stimulating the demand for tea through advertising.

The value of Kenya's tea exports may, within the next decade, surpass that of coffee. Tea exports now have about half the value of coffee's and are the second in rank of Kenya's agricultural export commodities. As recently as 1964 the values of tea and sisal exports were about equal; but since then the values of tea exports have risen rapidly and those of sisal exports have dropped because of competition from synthetic fibers.

Smallholder tea planting pushed

In 1960 a Special Crops Development Authority was established for promoting tea culture by smallholders for a cash crop. In 1964 this body became known as the Kenya Tea Development Authority (KTDA). It supplies farmers with tea stumps for planting, supervises planting and cultivation, establishes and runs buying centers for tea leaf, and provides staff and transport to collect, inspect, and carry leaf to tea factories. It arranges for the processing of tea either at its own factories or at factories belonging to tea estates and also arranges for the sale of tea by auction to world markets.

Smallholder tea development has been based on two plans by KTDA. The first provided for the planting of 11,100 acres of tea and the construction of six factories. The plan began in 1959 and has now been completed. The second called for a further 14,400 acres and 10 additional factories. Planting for the second plan

began in 1963 and has been accelerated so that it should be complete by June 1968.

To provide tea stumps for planting, KTDA is developing two large nurseries. One, the Kangaita nursery, will be 560 acres when completed, or the biggest tea nursery in the world. The second is at Kabianga with 290 acres. The two nurseries produced about 18 million stumps in 1966-67.

Tea schemes substantially financed

Support for KTDA development programs has been given by several organizations. During the first and second smallholder planting plans, KTDA received nearly $6 million from the International Development Association (IDA), administered by the World Bank, from the Commonwealth Development Corporation (CDC), from the West German Government, from the Kenyan Government, and from established commercial tea companies in Kenya.

The contribution of IDA consisted of a 50-year interest-free loan of $2.8 million to the Kenyan Government. The money was made available to KTDA at commercial interest rates for nursery development, salaries for field supervision and inspection personnel, collection of tea leaf, and building roads to tea factories and growing areas.

The estimated cost of the tea factories to be built during the two plans is a little more than $6 million. Capital is being supplied by the CDC, the commercial tea companies, and the Kenyan Government. Shares in the factories are also being offered to growers supplying leaf to them.

The Kenyan Government has now submitted a new plan to the World Bank group and CDC for planting an additional 35,000 acres of smallholder tea between 1968 and 1973. If the plan is approved, KTDA will plant 1-1/2 times more tea in 5 years than it has in the preceding 15 years.

Top right, earth-moving equipment at work making the Machakos road near Mount Kenya to benefit African farmers. Middle right, aerial view of commercial tea estate and factory surrounded by honeycomb-pattern tea plantings; larger trees are to shade tea bushes. Bottom right, farmer's wife delivering tea to a farm cooperative near Ragati. Bottom left, tea leaves being examined at a Kenya Tea Development Authority reception center.

USDA'S

beginning to take shape in TOKYO

The unique hallmark, at left, was designed exclusively for the Tokyo fair and will be used on signposts and fair advertising.

Japanese construction foremen are studying their blueprints (prepared by an award-winning New York exhibit designer). American salesmen are getting their order blanks ready. And big shipments of U.S. food and farm products are on their way to Tokyo's Harumi Pier for one of the biggest U.S. agricultural exhibitions ever staged overseas by FAS.

American Festival: Food, Fun, and Fashion (April 5-21) will feature exhibits and samples of U.S. foods, an American-style self-service store stocked with hundreds of U.S. food items, a crowd-drawing American musical revue, and fashion shows displaying the latest U.S. styles in cotton, leather, and paper.

Hundreds of thousands of Japanese consumers are expected to attend.

They will see dramatic exhibits: In one 200-foot "tunnel," 16 movie projectors, 16 slide projectors, and numerous brightly lit full-color photos will show the people of rural America, a panorama of the vast American farmlands, and the tremendous outpouring of food and fiber from these fertile acres. One main purpose of the exhibit is to convince the Japanese that the United States is a stable and economical source of farm products.

Quality foods—better health

Commodity exhibits will emphasize better diets for better health—a theme with strong appeal for the nutrition-conscious Japanese. The wheat booth, for instance, will point out that wheat is among the most nourishing of all the cereal grains and will offer samples of American-style sandwiches as a convenient and tasty way to add wheat to the Japanese family's diet.

Soybean oil will be featured in another booth as a source of added protein and oil (the Japanese diet is relatively low in both). The message will be underscored by free samples of salads with oil dressings and toast spread with margarine.

Big push for feedgrains

The feedgrain booth will focus on the values of meat, milk, and eggs—and the role of U.S. feedgrains in providing them. The poultry booth will feature a chick hatchery and offer samples of U.S. turkey and chicken. Japanese consumers are demanding more and more of these commodities as their incomes increase and their diets improve. Poultry and egg production are the fastest growing animal industries in Japan and take the lion's share of the U.S. feedgrains. Visitors will also sample U.S.-style meat dishes.

Other booths will present U.S. raisins, prunes, canned peaches, and citrus fruits and give the Japanese visitors a chance to taste them the American way. Industrial firms producing tallow, plywood, leather, and livestock will also have booths.

In the Hall of States, 12 States will have exhibits featuring their products and people: Colorado, Illinois, Iowa, Maryland, Michigan, Minnesota, Missippi, Nebraska, North Carolina, North Dakota, Pennsylvania, and Wisconsin.

More than 60 U.S. and Japanese firms have leased commercial booths to display products either produced and processed in the United States, or processed in other countries from U.S. farm products. Dozens of items will be sampled and sold, from pickles and popcorn to cheeses and chicken. Additional firms will be represented in the self-service store and in a trade area.

Japan is, of course, already the leading buyer of U.S. farm products. It bought nearly a billion dollars worth last year—nearly twice as much as West Germany or Great Britain, far more even than Canada.

Perhaps more important, however, is Japan's potential as an even better market for the future. The country now has more than 100 million people—half as many as in the entire U.S. market. With its economy booming at an unprecedented rate, Japan is expected soon to rank right behind the United States and Russia in total output. Consumer incomes have increased a whopping 60 percent in the past 10 years, so that the Japanese consumer can now afford more and better food.

A shift in diet has already begun. Rice is still served with most meals, and fish is popular in hundreds of ways. But more and more, young Japanese consumers are turning to Western-style foods to add variety and better nutritive value to their meals.

Intake to go up

The Japanese Government expects demand for meat to increase more than 250 percent by 1976 and the demand for milk and eggs to nearly double. The market for feedgrains will expand accordingly.

The demand for soybeans, fruits, and vegetables will also double by 1976, and wheat demand will go up 50 percent, according to their estimates.

Moreover, Japan's farms are already producing near their limit. Only 15 percent of the land on these mountainous islands is arable, and Japanese farms are the most intensely cultivated in the world. The level of food output possible simply will not be able to meet the increasing demand.

All of these factors combine to make Japan our brightest export market opportunity—and the American Festival is designed to make the most of it.

—DENNIS T. AVERY
Foreign Agricultural Service, Tokyo

Italians Warm Up to Self-Service Stores

Italian housewives in growing numbers are doing their weekly food shopping in supermarkets instead of visiting street markets and the traditional "Mom and Pop" stores. And many of the food products benefiting from the volume sales that supermarkets encourage are made in the United States. (See the article in *Foreign Agriculture*, Jan. 29, 1968, on Italy's first in-store promotion.)

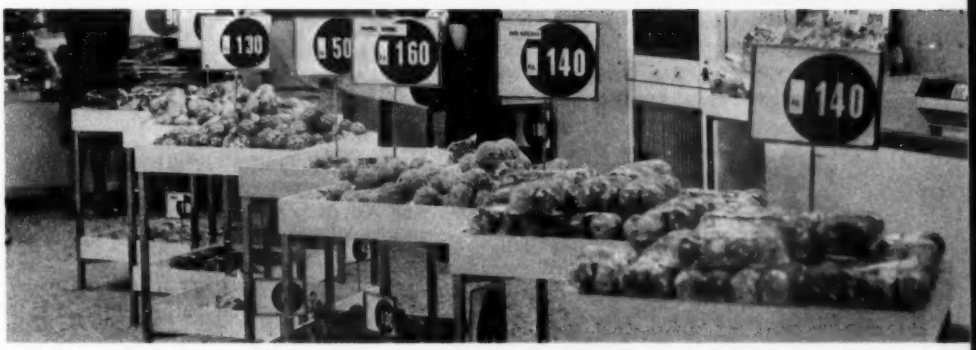
But the help-yourself concept that has been catching on rapidly all over the Continent has had sluggish growth in Italy, mostly because of trade barriers and the red tape of purchasing licenses. Some estimates indicate that Great Britain has about ten times the number of supermarkets, Belgium and Germany about seven times, and France and the Netherlands about three times.

An Italian supermarket handling a wide assortment of goods may need as many as 30 to 40 separate licenses to cover the various categories of merchandise. Besides licensing, another growing pain is developing low-cost suppliers of good-quality meat, fruits, and vegetables. Because of this particular distribution problem, competitive pricing is difficult to achieve.

Difficulties notwithstanding, the supermarket idea is penetrating retail food selling. Rising incomes, the desire for convenience foods, and many of the same features that draw American housewives to the supermarkets are at work in Italy.

If the Italian economy keeps progressing as expected and if trends toward self-service continue—as no doubt they will—supermarkets in Italy will have healthy growth. With proper promotion and some relaxing of trade restrictions, American foods will share in that growth.

—W. GLENN TUSSEY
Assistant U.S. Agricultural Attaché, Rome



NUMBER OF SELF-SERVICE STORES IN ITALY

Store size	1963	1964	1965	1966
Over 475 square feet . . .	136	451	530	567
Between 235-275 square feet	76	101	119	155
Less than 235 square feet	143	180	218	241
Total	355	451	530	618

Note: Rome has the largest number of supermarkets per 1,000 people, followed by Genoa and the Trentino-Bolzano area. Italian Ministry of Industry, Trade, and Handicraft.

Top, Italian housewives still frequently buy fresh fruits and vegetables in the street markets—here two shoppers in Rome pay for their purchases—but more and more are preferring the conveniently packaged goods at self-service stores, above. Below, all the ingredients of a big American supermarket—including bright holiday decorations—are in this store.

CCC Credit Goes To Breeding Cattle

The Commodity Credit Corporation has just launched an export credit sales program for U.S. beef breeding cattle. The program will be used initially in those countries which are showing strong current interest in upgrading and expanding their beef livestock industries and can effectively use American breeds of beef cattle in this phase of their agricultural development. Also, the program should enable domestic breeding cattle producers to sell a larger portion of their production in world markets, thus further expanding dollar exports of U.S. agricultural commodities and further helping the United States balance-of-payments position.

Under the program, the Commodity Credit Corporation will finance only high-quality, commercial-type cattle. All animals sold must meet U.S. Government standards of Choice or better grades. Credit terms will range from 6 months to 3 years at the going Commodity Credit Corporation credit interest rate.

Specifications out soon

The program will be carried out under the provisions of CCC Export Credit regulations. Amendment 3 to GSM-4 will be issued shortly by the Foreign Agricultural Service, setting out provisions applicable to persons or firms interested in exporting beef breeding cattle under the CCC export credit program.

U.S. beef cattle breeds have proven to be well suited to livestock improvement programs of many other countries. Foreign importers, through visits in this country and prior purchases, are expressing strong and continuing interest in acquiring additional American beef breeding cattle for their ranches.

Exports of U.S. beef breeding cattle have been relatively active in recent years, rising to 17,210 head in 1965. The volume was somewhat lower—13,954 head—in 1966, with some improvement taking place in 1967. Most exports of beef breeding cattle have been to Western Hemisphere countries, with Mexico being the largest single buyer of U.S. animals.

Purchases to pick up

Programs to expand beef production have been undertaken in a number of countries, and indications point to substantial import buying of breeding stock to build up herds and improve beef quality in the years immediately ahead. The new export credit program should help American cattlemen to compete for these sales.

Above left, newly purchased Holsteins from South Carolina, Georgia, and Tennessee landing in port at Trinidad. Above, new owners—at center and right—at unloading.

Trinidad-Tobago Firms Buy U.S. Cattle

While the Government of Trinidad and Tobago is purchasing Canadian dairy cattle for distribution in its Agricultural Development Project, private investors there are buying dairy cattle as foundation breeding stock for their personal American dairy herds.

The government's Agricultural Development Project envisages the development of 200 dairy farms covering 4,000 acres. As a beginning, it has already imported about 600 head of foundation dairy cattle from Canada and will take another 600 under a bilateral loan agreement with Canada.

Like the government, private investors have also recognized the growth potential for the dairy industry and have been purchasing breeding stock in the United States. In late 1967, 170 Holstein bred heifers and 20 Charbrays were imported jointly by Stollmeyer Estates, the Nariva-Cocal Estates, the Orange Hill Estate, the Baclet Estate, and three other privately owned farms in Trinidad and Tobago.

The cost of the animals, US $125,000 c.i.f. Trinidad and Tobago, was financed entirely by the importers without assistance from the government. The cattle were purchased in South Carolina, Georgia, Tennessee, and Florida; trucked to Charleston; and shipped on a chartered German cattle boat, the Inger Claussen. They arrived in Port of Spain, Trinidad, after a 7-day voyage.

These cattle all come from areas where summertime temperatures can reach 105°F, so there should be no problem in acclimatizing them to Trinidad and Tobago's temperature range of 64° to 92° once they have been immunized to tick fever.

—WILFERD L. PHILLIPSEN
U.S. Agricultural Attaché, Port-of-Spain, Trinidad

U.S. Dairy Cattle Shown in Mexico

The 4th National Dairy Show last month at Queretaro, Mexico, was a showcase and sales floor for three breeds of U.S. cattle. Success at this show is considered a sales breakthrough for the United States in Mexico, traditionally an importer of Canadian breeding cattle.

The 12 U.S. Jerseys there were the first of that breed exhibited by U.S. breeders in Mexico. Holsteins also were featured and some American Angus beef animals.

The exhibit was the first sponsored by FAS and the Holstein-Friesian Association, the American Angus Association, and the American Jersey Cattle Club.

Jersey class is readied for exhibition.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

During the week ending January 24, 1968, U.S. Hard Winter and U.S. Spring wheat prices declined 1 percent per bushel in Rotterdam, while U.S. Dark Northern Spring increased 1 cent per bushel. Canadian wheat increased 1 cent and USSR wheat dropped 2 cents per bushel. Argentine wheat prices were unchanged.

U.S. corn prices dropped 2 cents per bushel, while Argentine and South African prices dropped 1 cent.

Item	Week ending		A year ago
	Jan. 24	Jan. 17	
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.05	2.04	2.23
USSR 121	1.91	1.93	(1)
U.S. No. 2 Dark Northern Spring, 14 percent	1.93	1.92	2.07
U.S. No. 2 Hard Winter, 12 percent	1.79	1.80	1.91
Argentine	1.79	1.79	1.95
U.S. No. 2 Soft Red Winter	1.72	1.73	1.90
Corn:			
U.S. No. 3 Yellow Corn	1.39	1.41	1.60
Argentine Plate	1.59	1.60	1.71
South African White	1.47	1.48	(1)

[1]Not quoted.
Note: All quotes are c.i.f. Rotterdam and for 30- to 60-day delivery.

Rhodesian Agriculture Gripped by Drought

A countrywide survey recently completed in Rhodesia to ascertain the effects of continued dry weather on agricultural production has revealed a grim picture for corn, tobacco, and cotton crops, which are suffering from severe moisture shortage and high temperature. Rains have been patchy at best. The Rhodesians hope for reasonable crops in some areas if rain should fall soon, but in other areas crops of only half the normal size are expected.

Corn is reported to be tasseling at 3 feet in height in several regions. Anticipated replanting with grain sorghum in some localities had not yet begun. The fortunes of cotton and tobacco appeared quite similar to those of corn.

West German Cigarette Output Down

For the first 9 months of calendar 1967, output of cigarettes in West Germany (including West Berlin) totaled 80.2 billion pieces—down 1.5 percent from the 81.4 billion produced in January-September 1966.

Ontario Flue-Cured Prices Dip

Sales of 1967-crop flue-cured tobacco at the auctions in Ontario, Canada, through January 12, 1968, totaled 86.6 million pounds at an average price of 70.5 Canadian cents per pound. For a comparable period of sales last year, the total was 91.6 million pounds at an average of 72.3 Canadian cents.

The 1967 crop in Ontario was estimated at 210.6 million pounds prior to the opening of the market on November 9 Recent information indicates that the size of the crop is somewhat below the earlier estimate.

U.S. Livestock, Meat Exports Strong

U.S. exports of livestock and meat products during the first 11 months of 1967 were up in all major categories except hides and skins. Exports of lard, tallow, and variety meats were up 26, 14, and 3 percent, respectively, from the same period a year earlier. However, sagging world hide prices continued to plague exports. Cattle hide exports were down 16 percent in the first 11 months of 1967.

Exports of live cattle (mainly breeding) were up an impressive 77 percent during the first 11 months of 1967. The world market for U.S. breeding cattle has been growing throughout the year and is expected to continue into 1968.

U.S. red meat imports were up 6 percent during the same period. The increase was led by beef, which was up 10 percent.

U.S. EXPORTS OF LIVESTOCK PRODUCTS
[Product weight basis]

Commodity	November		Jan.-Nov.	
	1966	1967	1966	1967
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	19,377	26,677	143,650	180,475
Tallow and grease:				
Inedible	202,013	185,519	1,806,964	2,061,068
Edible	2,182	3,142	14,737	16,646
Red meats:				
Beef and veal	2,369	2,607	26,265	28,784
Pork	6,448	4,436	45,621	46,571
Lamb and mutton	154	131	1,511	1,520
Sausages:				
Except canned	292	182	2,113	2,118
Canned	112	102	1,148	1,072
Other canned meats	746	592	7,145	7,295
Meat specialties:				
Frozen	241	176	1,836	2,129
Canned	147	239	1,663	2,142
Total red meats	10,509	8,465	87,302	91,631
Variety meats	22,745	20,196	199,737	206,821
Sausage casings:				
Hog	614	729	6,229	5,798
Other natural	700	337	5,473	3,856
Mohair	1,114	1,195	9,598	8,514
Hides and skins:	*Pounds*	*Pounds*	*Pounds*	*Pounds*
Cattle parts	---	3,853	---	39,565
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	1,698	1,131	13,097	[1]10,981
Calf	136	180	1,919	1,732
Kip	39	53	483	434
Sheep and lamb	178	355	2,259	3,490
Horse	2	2	58	56
Goat and kid	22	10	392	252
	Number	*Number*	*Number*	*Number*
Live cattle	3,511	8,062	27,582	48,735

[1]Revised.
Bureau of the Census.

Pork imports rose only 1 percent, and lamb imports were down 26 percent. Total wool imports fell 35 percent.

Live cattle imports—mainly feeder cattle from Mexico and Canada—were down a sharp 34 percent from the same period a year earlier. Biggest decline has been in imports of Canadian feeder cattle, down 53 percent. Imports from Mexico were down 14 percent from those of a year earlier.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS
[Product weight basis]

Commodity	November 1966	November 1967	Jan.-Nov. 1966	Jan.-Nov. 1967
Red meats:				
Beef and veal:				
Fresh and frozen:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Bone-in beef:				
Frozen	308	469	4,809	4,362
Fresh and chilled	709	1,043	14,809	5,966
Boneless beef	54,979	73,096	661,313	749,692
Cuts (prepared)	78	77	1,875	1,091
Veal	2,055	966	19,376	13,337
Canned beef:				
Corned	(1)	8,347	(1)	80,082
Other, incl. sausage	9,865	681	86,481	11,402
Prepared and preserved	4,158	4,176	32,053	36,125
Total beef and veal	72,152	88,855	820,716	902,057
Pork:				
Fresh and frozen	3,271	4,126	38,057	43,729
Canned:				
Hams and shoulders	15,722	15,482	182,301	187,018
Other	4,482	2,569	45,512	36,557
Cured:				
Hams and shoulders	121	99	1,415	1,638
Other	336	326	3,532	3,858
Sausage	310	176	2,367	2,268
Total pork	24,242	22,778	273,184	275,068
Mutton and goat	3,011	6,762	57,076	49,106
Lamb	409	1,316	14,265	10,518
Other sausage	528	541	5,391	5,617
Total red meat	100,342	120,252	1,170,632	1,242,366
Variety meats	388	522	2,992	3,134
Wool (clean basis):				
Dutiable	8,892	8,276	151,850	99,385
Duty-free	6,963	8,662	106,006	68,898
Total wool	15,855	16,938	257,856	168,283
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Hides and skins:				
Cattle	14	32	189	194
Calf	22	38	220	436
Kip	21	32	390	335
Buffalo	49	44	421	357
Sheep and lamb	1,270	907	26,913	19,020
Goat and kid	604	488	9,967	6,718
Horse	16	22	228	166
Pig	123	27	2,035	1,016
	Number	*Number*	*Number*	*Number*
Live cattle[2]	169,857	130,403	930,999	612,941

[1]Included in other canned beef. [2]Includes cattle for breeding.
U.S. Department of Commerce, Bureau of the Census.

U.K. Lard Imports Equal 1966 Level

Lard imports into the United Kingdom during January-November 1967 were approximately equal to the 375 million pounds imported during the same period a year earlier.

The United States continued to maintain its share of the market, supplying 37 percent of total U.K. imports during the 11-month period. Belgium, the second largest exporter of lard to the United Kingdom with a 24-percent share of the market, lost a small percentage of its market share. The Netherlands and Bulgaria increased their percentage of the U.K. lard market, while supplies from Poland dropped markedly. Poland has virtually ceased to supply lard to the United Kingdom, but this situation is expected to change during the first half of 1968.

U.K. LARD IMPORTS BY COUNTRY OF ORIGIN, JANUARY-NOVEMBER

Country of origin	1966 Quantity	1966 Percent of total	1967 Quantity	1967 Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	103,103	27.4	140,145	37.3
Belgium	95,074	25.3	86,789	23.1
Romania	34,705	9.2	40,414	10.8
Netherlands	20,680	5.5	25,969	6.9
Poland	37,579	10.0	22,249	5.9
Denmark	25,860	6.9	21,294	5.7
France	15,714	4.2	14,469	3.9
Germany, West	9,358	2.5	9,873	2.6
Bulgaria	4,091	1.1	7,972	2.1
Sweden	4,707	1.3	4,096	1.1
Switzerland	4,394	1.2	984	.3
Italy	16,954	4.5	717	.2
Others	3,655	.9	480	.1
Total	375,874	100.0	375,451	100.0

Henry A. Lane and Co., Ltd.

Smaller Yugoslav Walnut Crop

Yugoslavia's 1967 commercial walnut production is estimated at about 3,300 short tons in-shell basis—down about 6 percent from a year ago and 15 percent below average. In addition to the commercial crop, of course, there are usually about 25,000-30,000 tons harvested from roadsides, backyards, and fence rows which are either used on the farm or marketed locally outside of commercial channels. This portion of the crop, however, does not have an appreciable effect on either import requirements or exportable supplies and is usually excluded from FAS reports of the commercial crop.

There have been no recent indications of either reduced or enlarged specialized acreage in walnuts, so year-to-year variations in the crop are assumed to be the result of weather and other variables. In fact, the drop in the 1967 crop is blamed on unfavorable weather during the blooming stage last spring. As a result of the smaller crop, about 200 tons are expected to be imported this marketing year (ending September 30, 1968) mostly from neighboring countries. Exports are expected to be negligible.

Portuguese Fig Crop Revised

The 1967 commercial dried fig pack in the Portuguese Province of Algarve is now estimated at 10,000 short tons, equaling the 1966 pack but 7 percent below the 1961-65 average of 10,700. Early prospects of a large crop were impaired by a May drought, which caused fruit drop and reduced sizing. Insect damage also affected the size and quality of the crop, although weather was favorable during the balance of the season.

Exports are expected to total 5,000 tons during the 1967-68 season, 9 percent above 1966-67, but below average. Foreign sales of both edible whole figs and paste are projected above last season's.

The Minister of Economy established the price paid during

the 1967-68 season by the Alcohol General Administration for industry figs at 63.50 U.S. dollars per ton.

PORTUGUESE COMMERCIAL SUPPLY AND DISTRIBUTION OF DRIED FIGS

Item	Average 1961-65	1966-67	Estimate 1967-68
	1,000 short tons	*1,000 short tons*	*1,000 short tons*
SUPPLY			
Beginning stocks (Sept. 1)	0.6	0.6	0.9
Production	10.7	10.0	10.0
Total supply	11.3	10.6	10.9
DISTRIBUTION			
Exports:			
Edible whole	2.0	.9	1.1
Edible paste	4.6	3.1	3.3
Industrial	.5	.6	.6
Total exports	7.1	4.6	5.0
Domestic disappearance:			
Edible whole	2.6	1.7	1.7
Industrial	1.0	3.4	3.3
Total disappearance	3.6	5.1	5.0
Ending stocks (Aug. 31)	.6	.9	.9
Total distribution	11.3	10.6	10.9

Record USSR Sugarbeet Crop Announced

Recently published data show that the USSR 1967 sugarbeet crop set new records for yield, total production, and sales to the government for processing into sugar. The refineries are expected to turn out about 10 million metric tons of sugar from these beets, approximately the amount that had been planned for 1970. The total sugarbeet crop is reported to have approximated 85 million tons, grown on 3.7 million hectares (9.2 million acres).

The yield of 229 centners per hectare (20,431 lb. per acre) surpassed the previous record of 1958 by 5 percent. The extraction rate for sugar reportedly amounted to 12.29 percent, compared with 12.88 percent for the 1961-65 period. Domestic consumption of sugar in the USSR is currently at an annual rate approximating the above production.

U.S. Cocoa Bean Grind Up Slightly

U.S. cocoa bean grindings in 1967 totaled 652.1 million pounds, up nearly 1 percent over 1966 grindings of 646.5 million. Fourth quarter 1967 grind amounted to 175.5 million pounds, only 500,000 ahead of the similar 1966 quarter but still under the large October-December 1965 grind of 177.6 million.

The continued rise in U.S. grind in the face of higher cocoa bean prices is attributed to the high inventory position of many manufacturers, strong demand, and more effective marketing.

Bumper Indian Jute Crop

The bumper crop of jute in India has changed the usual seller's market to a buyer's market. Jute prices have fallen within India and for the first time in 3 seasons a government support price became necessary, particularly for lower grades. Stocks and exports will increase and imports decrease.

The low prices put the jute textile industry in a strong position. Large exports of jute textiles may be expected, possibly at lower prices during the rest of the 1967-68 season and the first part of the 1968-69 season.

Egyptian Cotton Production Declines

Egyptian cotton production totaled 2.0 million bales (480 lb. net) in 1967-68 (August-July), down slightly from about 2.1 million a year earlier. Acreage this season was reported at 1,660,000, compared with 1,930,000 in 1966-67. Growers reduced plantings because of dissatisfaction with returns from cotton. According to press reports, cotton producers will be allowed to plant up to 1,687,000 acres in 1968-69. Average yield was 578 pounds per acre in 1967-68, compared with 520 last season. The all-time high yield was 582 pounds in 1965-66.

Egyptian authorities have announced increases in producer prices for the 1968 crop. These increases amount to 4.16 U.S. cents per pound for Giza 45, 3.33 cents for Menoufi, and 1.66 cents for Ashmouni. The prices offered for 1968-crop cotton delivered to Alexandria are listed in the following table.

COTTON PRICES FOR SPECIFIED VARIETIES AND GRADES OF LINT DELIVERED TO ALEXANDRIA FOR 1968 CROP

Grades	Giza 45	Menoufi	Giza 48	Ashmouni
	U.S. cents per lb.	*U.S. cents per lb.*	*U.S. cents per lb.*	*U.S. cents per lb.*
Extra	53.21	47.18	43.65	37.35
FG/Extra	51.96	45.93	42.61	36.06
FG	46.97	41.78	38.45	34.81
G/FG	42.81	38.87	35.54	33.77
Good	37.41	36.79	33.46	32.73
FGF/G	34.09	33.46	30.14	31.49
FGF	32.01	31.38	28.06	30.66
GF/FGF	30.34	29.72	26.40	29.82
Good Fair	29.51	28.89	25.56	28.58
FF/GF	28.68	28.06	24.73	26.50
Fully Fair	27.43	26.81	23.49	25.25

Grades	Giza 67	Dendera	Giza 66
	U.S. cents per lb.	*U.S. cents per lb.*	*U.S. cents per lb.*
Extra	37.20	35.75	35.44
FG/Extra	36.16	34.71	34.40
FG	34.50	33.46	33.15
G/FG	32.84	32.42	32.11
Good	31.18	31.38	31.07
FGF/G	29.51	29.30	29.82
FGF	28.27	28.47	28.99
GF/FGF	27.43	27.64	28.16
Good Fair	26.19	26.40	26.91
FF/GF	24.52	24.32	24.84
Fully Fair	23.28	23.07	23.59

INCENTIVES FOR BETTER QUALITIES

Grades	Extra long staple	Medium long staple
	U.S. cents per lb.	*U.S. cents per lb.*
FF/Extra and up	5.20	3.33
FG + 1/4 to less than FG/Extra	4.16	2.49
FG to less than than FG + 1/4	3.12	2.08
G/FG to less than FG - 1/4	1.66	1.25
Good to less than FG	1.25	.83

Exports declined to 1.4 million bales in 1966-67, compared with 1.6 million a year earlier. Shipments to USSR were down to around 347,000 bales from nearly 487,000 bales the previous season. Exports to other principal destinations, comparable 1965-66 figures in parentheses, in thousands of bales were: India 142 (151), Czechoslovakia 115 (170), Japan 100 (58), Mainland China 93 (84), Italy 84 (79), and Yugoslavia 66 (47). Shipments to the United States in 1966-67 were down sharply to

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around 28,000 bales from 58,000 a year earlier. Cotton shipments destined for Communist ports in recent years account for more than one-half of total exports. Exports during the current season are not expected to reach the 1966-67 level.

Cotton consumption is estimated at 800,000 bales in 1967-68, about equal to the level of the previous 2 years. Cotton stocks were placed at 235,000 bales on August 1, 1967, compared with 375,000 on the same date in 1966.

Philippine Coconut Exports Decline

Registered exports of copra from the Philippine Republic in 1967 totaled 753,724 long tons, compared with 906,334 in 1966. Of the total, 257,479 tons moved to the United States, or slightly more than the 254,433 shipped to the United States in 1966.

PHILIPPINE REGISTERED EXPORTS OF COPRA, COCONUT OIL, AND DESICCATED COCONUT

Commodity and destination	December		January-December	
	1966	1967[1]	1966	1967[1]
	Long tons	*Long tons*	*Long tons*	*Long tons*
Copra:				
United States	23,400	15,900	254,433	257,479
Europe	41,550	32,900	576,445	390,407
South America	0	3,500	28,751	33,000
Japan	4,000	500	43,250	71,851
Middle East	0	0	2,155	0
Other Asia	0	0	0	987
Africa	0	0	1,300	0
Total	68,950	52,800	906,334	753,724
Coconut oil:				
United States	24,534	19,827	254,292	203,906
Europe	0	2,495	46,934	25,463
Japan	0	0	0	343
South Africa	0	0	2,435	0
Total	24,534	22,322	303,661	229,712
	Short tons	*Short tons*	*Short tons*	*Short tons*
Desiccated coconut:				
United States	5,082	3,628	53,397	50,682
Canada	75	73	3,605	4,123
Denmark	6	14	995	255
Germany, West	35	50	4,131	764
Netherlands	151	37	1,376	1,546
Sweden	161	64	1,001	758
Japan	444	276	786	2,850
Australia	119	118	3,283	2,957
Others	290	136	3,335	2,098
Total	6,363	4,396	71,909	66,033

[1]Preliminary.
Associated Steamship Lines, Inc., Manila.

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Exports of coconut oil in December 1967 were 22,322 tons, down 2,212 from the 24,534 exported a year earlier. Movements to the United States were 19,827 tons against 24,534 in 1966.

Cumulative Philippine exports of copra and coconut oil on an oil equivalent basis in 1967 totaled 712,095 tons—19 percent below the 883,715 exported in 1966.

Desiccated coconut exports in December 1967 were 4,396 short tons. Exports for the full year totaled 66,033 tons, 5,876 below those in 1966. Of the total, 50,682 tons moved to the United States, compared with 53,397 in 1966.

India's Sesame Acreage Expands

India's total area planted to sesame in 1967-68 is estimated at 4,027,500 acres, according to the first estimate released by the Ministry of Food and Agriculture. This represents an increase of almost 21 percent over last year's corresponding estimate of 3,332,100 acres.

First estimates usually account for about 55 percent of the sesame acreage finally reported.

Correction: January 22, 1968, issue, page 7, next to the last line of "U.S. Beef Cattle at 'Home' in Portugal," the shipment in late 1967 should read 608 head.

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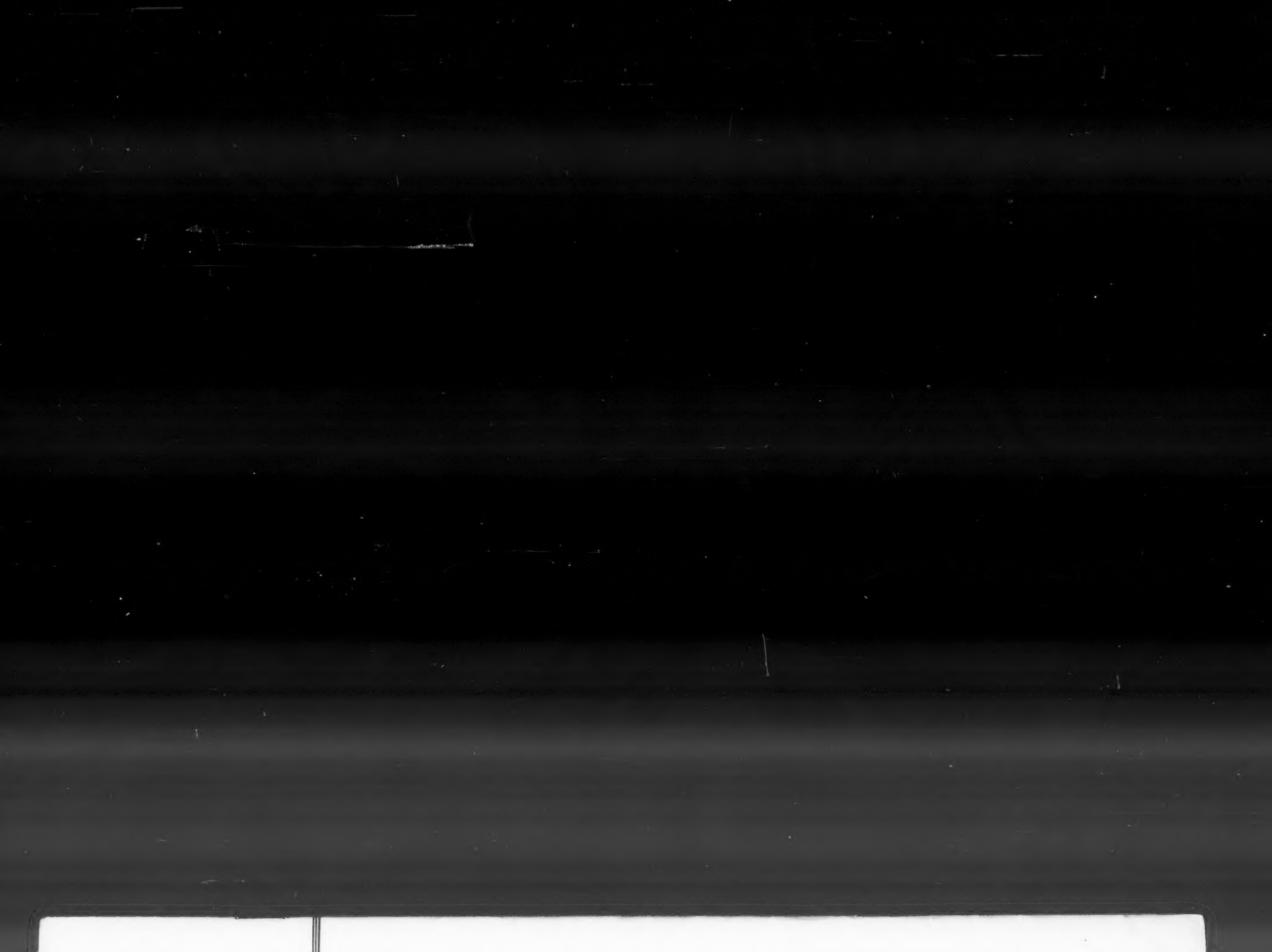
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